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UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

In re ACACIA MEDIA TECHNOLOGIES CORPORATION	Case No. 05 CV 01114 JW MDL No. 1665 **PLAINTIFF ACACIA MEDIA TECHNOLOGIES CORPORATION'S POST-HEARING REPLY TO MOTION FOR RECONSIDERATION AND CLARIFICATION OF THE JULY 12, 2004 MARKMAN ORDER RE "SEQUENCE ENCODER"** **DATE:** September 8-9, 2005 **TIME:** 9:00 a.m. **CTRM:** Hon. James Ware

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I. INTRODUCTION

The testimony of S. Merrill Weiss and very recent Federal Circuit authority compel the following two legal determinations: (1) the term "sequence encoder" as used in the '702 patent is not indefinite, and (2) the term "sequence encoder" should be construed to mean "time encoder."

II. THE COURT SHOULD CONSTRUE "SEQUENCE ENCODER" TO MEAN A "TIME ENCODER"

In its Motion for Reconsideration, Acacia asks the Court to construe the claim term "sequence encoder" of the '702 patent to mean a "time encoder." As demonstrated by the live testimony of Acacia's expert witness, Mr. S. Merrill Weiss, this is what a person of ordinary skill in the art in 1991 would have understood the "sequence encoder" to mean, when reading the claims in light of the specification and in light of that person's understanding of the meaning of such terms in the field of art at that time. This construction is squarely supported by two Federal Circuit cases, discussed below, in which a coined claim term which is not expressly defined or referred to in the specification is nevertheless construed by the court. These cases should provide the guidance sought by the Court in reaching a construction for "sequence encoder."

A. The Federal Circuit Has Held that "Coined" Terms that are Used in the Claims, but not Defined or Referred to in the Specification, May be Construed

Towards the end of the two-day hearings, the Court stated that it was looking for guidance as to how to construe a coined term used in a claim, but which is not used in the specification, such as "sequence encoder". The Court asked Acacia's counsel the following question:

> THE COURT: What I'm looking for is guidance. Do you know of a circumstance where a court has construed a coined term which is not ever referred to in a specification?

(September 9, 2005 Transcript, at 408:10-12).

Acacia's counsel responded by referring the Court to *Bancorp Services LLC v. Hartford Life Insurance Co.*, 359 F.3d 1367, 1372 (Fed. Cir. 2004). (September 9, 2005 Transcript, at 408:14 – 409:11).

Upon returning to their office, Acacia's counsel learned that, on September 8, 2005, the Federal Circuit issued its post-*Phillips* opinion in *Network Commerce, Inc. v. Microsoft Corp.*, __ F.3d __, 2005 U.S. App. LEXIS 19355 (Fed. Cir. 2005) (attached to accompanying Block Decl. as Exhibit 1). The *Network Commerce* case is another example of a circumstance where the Federal Circuit construed a coined term which is not used in the patent specification.

1. In *Network Commerce*, the Federal Circuit Construed a Claim Term Having no Meaning in the Art and Which Was Not Defined or Referred to in the Specification

The facts and reasoning of the *Network Commerce* case are on all fours with the present case and thus this case provides the guidance sought by the Court. *Network Commerce* holds that a claim term which does not appear in the specification should nevertheless be construed to mean the item in the specification that most closely corresponds to the claim term.

In *Network Commerce,* the claim term to be construed was "download component." The relevant technology involved computer systems in which electronic information, such as software and audio files, may be purchased.[1] The accused products were Microsoft's Windows Media Player and metafiles.[2]

The court found that the claim term "download component" was a coined term, because the term "download component" had no meaning in general and had no specialized meaning to persons of ordinary skill in the art. The term was also not defined in any general or technical dictionary or treatise:

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[1] The court described the claimed computer system as follows: "A first computer (operated by the customer) sends a request for electronic data to a second computer, which is the store computer of an online merchant, and, in response, the second computer sends the first computer a download component. The download component coordinates the download of the requested electronic data (typically content such as software or audio files) from a third computer to the first computer. The location of the third computer is not disclosed." *Network Commerce*, __ F.3d at __, 2005 U.S. App. LEXIS 19355, at *2-3.

[2] The court described the accused products as follows: "Windows Media Player is a software program used to play digital audio and video content files. . . . Metafiles are non-compiled text files that are interpreted by Windows Media Player. . . . When used in conjunction with Windows Media Player, metafiles are capable of directing Windows Media Player to a website. In one scenario, a user viewing a web page on an Internet browser selects a link on the web page corresponding to a particular content file. This causes the browser to download a metafile, which is passed to Windows Media Player, which in turn reads the address contained in the metafile and sends a request for the content file to the address in the metafile (that is, the address of the computer that has the electronic content). The computer receiving the request sends content to Windows Media Player, which then plays that content for the user. Metafiles can also be used to perform more complex tasks, such as inserting advertisements and setting the order of downloads in a playlist." *Network Commerce*, __ F.3d at __, 2005 U.S. App. LEXIS 19355, at *5-6.

> We construe a claim term as having its "ordinary and customary meaning," that is, "the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention." *Phillips*, 415 F.3d at 1313. In some cases, it is possible to construe a claim term by applying "the widely accepted meaning of commonly understood words." *Id.* at 1314. "Download component" is not a claim term amenable to construction in this manner because it has no commonly understood meaning reflected in general dictionaries or similar sources. We may also rely on a term's "particular meaning in a field of art" when construing claims. *Id.* As the parties seem to agree, the term "download component" does not have a specialized meaning in the relevant art. Microsoft urges that "download component" does not have a particular meaning in the computer art; and that the term does not appear in computer dictionaries and treatises.

Network Commerce, __ F.3d at __, 2005 U.S. App. LEXIS 19355, at *13-14.

The patentee, Network Commerce, argued that the court could understand the meaning of "download component" by merely combining the individual dictionary definitions of "download" and "component." The court understood that such a construction would mean that "any part of a system involved in the transfer of data from one computer to another would be a download component." *Network Commerce*, __ F.3d at __, 2005 U.S. App. LEXIS 19355, at *14. The court, however, held that "[t]his is not a tenable theory in light of the specification." *Id.*

The court then looked to the patent specification for guidance as to the meaning of the term "download component." The court found that "the specification does not use the term 'download component,' presumably because this claim terminology was added during prosecution after the specification had been prepared." *Network Commerce*, __ F.3d at __, 2005 U.S. App. LEXIS, 19355, at *14-15. Thus, the court had to look to other terms used in the specification to determine the meaning of the claim term "download component." The court found the term "download file" in the specification. Although the term "download file" in the specification is different from the term "download component" in the claims, the court explained that it could refer to this different term as being the "download component," because: "[i]t appears from the function and description of the 'download file' that this item corresponds most closely to the download component of the claims." *Network Commerce*, __ F.3d at __, 2005 U.S. App. LEXIS 19355, at *15.

The court explained the functions of the download file that were described in the specification and held that "while the download file may contain different things, the specification indicates that it must contain at least the boot program." *Network Commerce*, __ F.3d at __, 2005 U.S. App. LEXIS 19355, at *15-16. Thus, the court found that "the . . . download component must include a boot program, and that the boot program interacts directly with the operating system of the computer without the assistance of any other program." *Network Commerce*, __ F.3d at __, 2005 U.S. App. LEXIS 19355, at *17. The court construed the term "download component" to mean "a file or program either sent to or received by a computer in response to a request for electronic data" that performs additional functions that were described in the claims with respect to the "download component."[3] *Id.*

Thus, the Federal Circuit was able to construe the term "download component," even though this term had no meaning in the art and even though this term was not defined or referred to in the specification. The court merely determined the functions of the "download component" from the claims and looked in the specification for the item described in the specification as having the functions which "correspond most closely" with the "download component" of the claims.[4] The Federal Circuit construed the claim term "download component" by reference to a different term – "download file" – in the specification; it did not matter to the court that these terms were different. This is exactly what Acacia is asking this Court to do in interpreting the term "sequence encoder." By referring to the term "time encoder" in the specification, the Court should be able to construe the term "sequence encoder" by utilizing the same methodology used by the Federal Circuit in *Network Commerce*.

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[3] The patentee sought a broader construction for "download component." The patentee contended that, since the term "component" is "used broadly in the specification to refer to all sorts of things, 'download component' should be construed just as broadly." *Network Commerce*, __ F.3d at __, 2005 U.S. App. LEXIS 19355, at *15, n 8. The court rejected this argument: "[t]he specification's broad usage of one word from the claim term 'download component' does not suggest that the phrase 'download component' has the same meaning as that one word." *Id.*

[4] It is worth noting that, in spite of the fact that the term "download component" had no meaning in the art and in spite of the fact that the term "download component" was not used or defined in the specification, neither the parties, the district court, nor the Federal Circuit ever raised the issue of indefiniteness. *See*, *Network Commerce*, __ F.3d at __, 2005 U.S. App. LEXIS 19355 and *Network Commerce, Inc. v. Microsoft Corp.*, 260 F.Supp. 2d 1034, 1039-40 (W.D. Wash. 2002). Thus, the Court's statement in its Markman Order that "the legal consequence of claiming an apparatus which has no plain meaning and which is not defined or referred to in the specification is for the Court to declare the patent claim indefinite" cannot be legally correct. (Markman Order, at 32:11-13).

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2. In *Bancorp*, the Federal Circuit Construed a Claim Term Having no Meaning in the Art and Which Was Not Defined or Referred to in the Specification

Network Commerce was not the first or only time that the Federal Circuit used this methodology to construe a claim term not found in the specification. The facts and reasoning of the *Bancorp* case are strikingly similar to those of the present case. In *Bancorp*, the claim term to be construed was "surrender value protected investment credits," as used in claims involving a system for administering and tracking the value of life insurance policies in separate accounts.

The district court held that the claim term "surrender value protected investment credits" was indefinite, because this term was not used or defined in the patent specification and because this term did not have a clear ordinary meaning to persons skilled in the art. *Bancorp*, 359 F.3d at 1370. The district court rejected the patentee Bancorp's argument that the term "surrender value protection" meant the same thing as "stable value protection," a term that was used and defined in the patent specification. *Id.* The terms "surrender value protection" and "stable value protection" were both used in close proximity in the independent claims of the patent and therefore the district court regarded the use of the two different terms in the same claims as supporting the accused infringer Hartford's contention that the terms were not meant to be synonymous. *Id.*

The Federal Circuit reversed the district court's finding of indefiniteness and construed the term "surrender value protected investment credits" as having the same meaning as the term "stable value protected investment credits." *Bancorp*, 359 F.3d at 1372. The court first held that, although the entire term "surrender value protected investment credits" is not defined in the patent and is not defined in any industry publication, "the components of the term have well-recognized meanings, which allow the reader to infer the meaning of the entire phrase with reasonable confidence." *Id.* In reaching this finding, the court held that the term "surrender value" has a clear meaning to one of ordinary skill in the art and held that the specification made clear the meaning of the terms "protected investment" and "credits." *Id.*

In *Bancorp*, the Federal Circuit also looked at the dependent claims which specified the step of "notifying a surrender value protected investment writer of the investment value and the value of the underlying securities for the current day." *Bancorp*, 359 F.3d at 1372. This language from the dependent claims closely corresponded to language in the specification referring to the "SVP writer." Although it was agreed by the parties and the court that the term "SVP" referred to "stable value protected" and not to "surrender value protected," the court nevertheless held that the correspondence between the language of the dependant claims and that in the specification indicates that the terms "surrender value protected investment," "stable value protected investment," and "SVP" all mean the same thing. *Bancorp*, 359 F.3d at 1373. As will be discussed below, in the present case, dependent claims 7 and 33 provide similar guidance to the Court in construing "sequence encoder."

The Federal Circuit considered, but rejected, Hartford's contention that the term "surrender value protected investment credits" must be indefinite because this term is not defined in the specification. The court held that "[t]he failure to define the term is, of course, not fatal, for if the meaning of the term is fairly inferable from the patent, an express definition is not necessary."[5] *Bancorp*, 359 F.3d at 1373, *citing*, *All Dental Prodx, LLC v. Advantage Dental Products, Inc.*, 309 F.3d 774, 780 (Fed. Cir. 2002).

The Federal Circuit also considered, but rejected, Hartford's contention that, because two different terms were used in close proximity in the claims, there must be an inference that a different meaning should be assigned to each term. *Bancorp*, 359 F.3d at 1373, *citing*, *Ethicon Endo-Surgery, Inc. v. U.S. Surgical Corp.*, 93 F.3d 1572, 1579 (Fed. Cir. 1996). The court stated that "[t]hat inference, however, is not conclusive; it is not unknown for different words to be used to express similar concepts, even though it may be poor drafting practice."[6] *Bancorp*, 359 F.3d at 1373. The court further found that the patent claims used the two terms in slightly different ways, which may account for the patentees' choice of different language. *Id.*

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[5] In their opposition, the Fish & Richardson adult entertainment defendants attempt to distinguish *Bancorp* from the present case. These defendants contend that the Court's statement that "the legal consequences of claiming an apparatus which has no plain meaning and which is not defined or referred to in the specification is for the Court to declare the patent invalid" is an accurate statement of the law. (Ademia Opposition, at 14:7-11). These defendants, however, acknowledge that in *Bancorp*, the claim term, which had no ordinary meaning and was not defined or referred to in the specification, was construed. (Ademia Opposition, at 14:11-13). The Court's statement of the law therefore cannot be correct, because the opposite occurred in *Bancorp*. Defendants further seek to distinguish *Bancorp* on the grounds that, in *Bancorp*, there was substantial support in the intrinsic evidence that the various terms used in the claims and specification were equivalent. (Ademia Opposition, at 14:13-16). The same is true in this case, where the specification defines the time encoder as having the same function as the sequence encoder of claim 7 and as having the additional, but separate, function of placing data into a sequence of addressable data blocks. *Network Commerce*, __ F.3d at __, 2005 U.S. App. LEXIS 19355, at *15 ("[i]t appears from the function and description of the 'download file' that this item corresponds most closely to the download component of the claims.")

Although the court believed that the intrinsic evidence was sufficient to construe the term "surrender value protected investment credits," the court nevertheless also held that the district court erred by not considering the expert testimony presented by Bancorp and other evidence showing that persons in the industry had in fact referred to "stable value protected" products as "surrender value protected" investments or SVP.[7] *Bancorp*, 359 F.3d at 1374-75.

3. Consistent with the *Network Commerce* and *Bancorp* cases, the Court Should Construe "Sequence Encoder" to Mean a "Time Encoder."

In this case, the claim term "sequence encoder" (like the claim terms "download component" and "surrender value protected investment credit") has no meaning in general, has no specialized meaning to persons of ordinary skill in the art, and is not defined in any general or technical dictionary or treatise. (Weiss, Sept. 8, 2005, at 64:4 – 65:15).

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[6] Thus *Bancorp* and *Network Commerce* demonstrate the fallacy with defendants' argument that the "sequence encoder" cannot be a "time encoder" simply because these are different words. In both cases, the claim term and the term in the specification were different, but the Federal Circuit was able to construe the claim term as being synonymous with the term in the specification. *Bancorp*, 359 F.3d at 1373-75; *Network Commerce*, __ F.3d at __, 2005 U.S. App. LEXIS 19355, at *14-19; *See also*, *Tate Access Floors, Inc. v. Maxcess Technologies, Inc.*, 222 F.3d 958, 968 (Fed. Cir. 2000) ("Moreover, 'that a patentee chose several words in drafting a particular limitation in one claim, but fewer (though similar) words in drafting the corresponding limitation in another, does not mandate different interpretations of the two limitations, since defining a state of affairs with multiple terms should help, rather than hinder, understanding.' *Id.* (internal quotation marks omitted). Thus, the use of the terms 'inner layer' and 'border' in claim 8, as opposed to 'inner body portion' and 'integral contrasting border' in claim 1, does not mandate different constructions of these limitations."), *quoting*, *Kraft Foods, Inc. v. International Trading Co.*, 203 F.3d 1362, 1368 (Fed.Cir. 2000).

[7] In their opposition, defendant EchoStar contends that *Bancorp* is distinguished from the present case, because "the claims demonstrate that the 'sequence encoder' and the 'time encoder' cannot be the same thing." (EchoStar Opposition, at 6, n 3). Both *Bancorp* and *Network Commerce*, however, rejected EchoStar's contention that the use of one term in a claim and another term in the specification means that the terms must have a different meaning. EchoStar further contends that, in *Bancorp*, "the Court did not need to resort to extrinsic evidence." (*Id.*) Acacia did not "resort" to expert extrinsic evidence; the Court requested it. Although the court in *Bancorp* stated that it did not need to rely on expert testimony to construe, the parties had presented expert testimony and the court held that the district court erred by not considering the expert testimony presented by Bancorp. *Bancorp*, 359 F.3d at 1374-75. EchoStar has therefore not distinguished *Bancorp* from the present case.

The term "sequence encoder" is not used in the specification of the '702 patent, and, like the term "download component" in *Network Commerce*, the term "sequence encoder" was added to the claims of the '702 patent during the prosecution of the '702 patent, after the specification had been filed with the '992 patent application.

Dependant claims 7 and 33 of the '702 patent describe one of the functions of the "sequence encoder" as "transform[ing] digital data blocks into a group of addressable data blocks." (Weiss, Sept. 8, 2005, at 147:18-24). Although the '702 patent specification does not use the term "sequence encoder," it does describe a "time encoder." The '702 patent specification describes one of the functions of the "time encoder" as being the same as the function of the "sequence encoder" of claims 7 and 33, i.e.: "[t]ime encoder 114 places the blocks of converted information from converter 113 into a group of addressable blocks." ('702 patent, 7:57-59; Weiss, Sept. 8, 2005, at 156:20 – 157:3; Lippman depo., 87:14 – 88:21; Exhibit 3).[8] The '702 patent specification also describes other functions of the "time encoder" as including placing formatted data into a *sequence* of addressable data blocks, which further confirms that the time encoder corresponds most closely to the "*sequence* encoder" of the claims. (*See*, '702 patent, 7:50-54; 8:46-49;18:15-19; Figures 2a and 7; Weiss, Sept. 8, 2005, at 163:6-12). There can be no doubt therefore that one of ordinary skill in the art in 1991 would have understood that the time encoder of the specification is synonymous with the sequence encoder of the claims.[9]

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[8] At his deposition, Dr. Lippman agreed with Acacia's counsel that claim 7 of the '702 patent defines a function of the "sequence encoder" (transforming digital data blocks into a group of addressable data blocks) and that the time encoder is described in the specification as performing that same function. (Lippman depo., 87:14 – 88:21; Exhibit 3). Dr. Lippman even stated that the description of this particular function of the time encoder in the specification ('702 patent, 7:57-59) "uses the same words" as the function described for the sequence encoder in claim 7 of the '702 patent (Lippman depo., 88:19-21; Exhibit 3).

[9] This is the conclusion of Acacia's expert Mr. Weiss, as described in more detail in the next section. Defendant EchoStar in its opposition (EchoStar Opposition, at 12:20 – 13:20), and defendants at the hearing, contend that the methodology used by Mr. Weiss in examining the patent specification to determine the meaning of "sequence encoder" was improper. Specifically, EchoStar contends in its opposition that "Acacia provides no legal authority that its 'process of elimination' methodology is sound or that it has been accepted by courts as a proper method of ascribing meaning to undefined terms that have no meaning to skilled artisans and are not used in the specification." (EchoStar Opposition, at 12:21-23). Legal authority does exist. In *Network Commerce*, discussed above, the term "download component" had no meaning to persons skilled in the art and it was not used or defined in the specification. Nevertheless, the Federal Circuit was able to determine a meaning for "download component" using essentially the same analysis as that

Thus, it appears from the function and description of the "time encoder" in the specification that the "time encoder" of the specification corresponds most closely to the "sequence encoder" of the claims, just as the "download file" in the specification of the Network Commerce patent corresponded most closely to the claimed "download component," and just as "stable value protected investment" in the specification of the Bancorp patent corresponded most closely to the claimed "surrender value protected investment credit." Thus, in this case, the specification of the '702 patent makes clear to one of ordinary skill in the art that the claim term "sequence encoder" means a "time encoder."[10]

B. The Live Expert Testimony of Mr. Weiss Supports Construing the Term "Sequence Encoder" as a "Time Encoder"

1. Mr. Weiss Testified that One of Ordinary Skill in the Art in 1991, When Reading the Claims in Light of the Specification, Would Have Understood the "Sequence Encoder" to be the "Time Encoder"

The task for the Court when construing any patent claim term is to determine the meaning that the claim term would have had to a person of ordinary skill in the art at the time of the invention. *Innova/Pure Water, Inc. v. Safari Water Filtration Systems, Inc.*, 381 F.3d 1111, 1116 (Fed. Cir. 2004) ("A court construing a patent claim seeks to accord a claim the meaning it would have to a person of ordinary skill at the time of the invention.") "[T]he person of ordinary skill in

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performed by Mr. Weiss; i.e., the court determined the claimed function for the download component and looked in the specification to locate the component having the function which "corresponds most closely to the download component of the claims." *Network Commerce,* __ F.3d at __, 2005 U.S. App. LEXIS 19355, at *15.

[10] The Fish & Richardson adult entertainment defendants contend in their opposition that Acacia's construction of "sequence encoder" has changed over time and that this is proof of indefiniteness. (Ademia Opposition, 9:17 – 14:4). The Federal Circuit has recognized that claim constructions often change in complex cases, such as this one. *Jack Gutman, Inc. v. Kopykake Enterprises, Inc.*, 302 F.3d 1352, 1361 (Fed. Cir. 2002) ('District courts may engage in a rolling claim construction, in which the court revisits and alters its interpretation of the claim terms as its understanding of the technology evolves. This is particularly true where issues involved are complex, either due to the nature of technology, or because the meaning of the claims is unclear from the intrinsic evidence."); *Utah Medical Prods., Inc. v. Graphic Controls Corp.*, 350 F.3d 1376, 1382 (Fed. Cir. 2003) (trial court properly revised its construction because it "realized . . . that [the] construction did not correctly define the invention."); *Intellectual Property Dev., Inc. v. UA-Columbia Cablevision of Westchester, Inc.*, 2002 U.S. Dist. Lexis 17, **14-15 (S.D.N.Y. 2002) ("Markman decisions are interlocutory . . . subject to revision any time before a judgment is rendered. This Court has the inherent discretion to reconsider the claim construction.").

the art is deemed to read the claim term not only in the context of the particular claim in which the disputed term appears, but in the context of the entire patent, including the specification" and is deemed to read the claim term with an understanding of the meaning and usage of such terms in the field. *Phillips,* 415 F.3d at 1303, 1313, *quoting, Multiform Disiccants, Inc. v. Medzam, Ltd.*, 133 F.3d 1473, 1477 (Fed. Cir. 1998) ("It is the person of ordinary skill in the field of the invention through whose eyes the claims are construed. Such person is deemed to read the words used in the patent documents with an understanding of their meaning in the field, and to have knowledge of any special meaning and usage in the field.")

When determining the meaning that the claim term would have had to a person of ordinary skill in the art at the time of the invention, a court may consider extrinsic evidence of the usage and meaning of a term in the context of the invention. Although the Federal Circuit in *Phillips* instructed courts to use caution when considering extrinsic expert testimony to assist with construing claim terms, the court did not preclude its use and, in fact, stated that extrinsic expert testimony can help a district court determine what a person of ordinary skill in the art would have understood claim terms to mean. *Phillips*, 415 F.3d at 1319 ("Nonetheless because extrinsic evidence can help educate the court regarding the field of the invention and can help the court determine what a person of ordinary skill in the art would understand claim terms to mean, it is permissible for the district court in its sound discretion to admit and use such evidence.")[11]

In its Markman Order, the Court stated that it could not construe the term "sequence encoder" based solely on the intrinsic patent documents and stated that it would not rule on the validity of the claims under 35 U.S.C. § 112, ¶ 6 until the parties have had an opportunity to present expert testimony. (Markman Order, at page 21, n 16 and 31:19 – 34:5). Accordingly, at the September 8-9 hearing, Acacia presented the live expert testimony of Mr. S. Merrill Weiss to assist

[11] *See also, Verve, LLC v. Crane Cams, Inc.*, 311 F.3d 1116, 1119 (Fed. Cir. 2002) ("While reference to intrinsic evidence is primary in interpreting claims, the criterion is the meaning of words as they would be understood by persons in the field of the invention. Patent documents are written for persons familiar with the relevant field; the patentee is not required to include in the specification information readily understood by practitioners, lest every patent be required to be written as a comprehensive tutorial and treatise for the generalist, instead of a concise statement for persons in the field. Thus resolution of any ambiguity arising from the claims and specification may be aided by extrinsic evidence of usage and meaning of a term in the context of the invention.")

the Court with understanding how a person of ordinary skill in the art in January 1991 would have understood the claim terms "identification encoder" and "sequence encoder." In contrast, no defendant presented the live testimony of any expert, even though defendants had retained Dr. Andrew Lippman of the MIT Media Lab for the this purpose and even though the Court had sought expert testimony from the parties. Instead, defendants stated that they would rely on Dr. Lippman's declaration filed with defendants' oppositions to Acacia's motion for reconsideration. As discussed in a separate filing, Dr. Lippman's declaration is inadmissible hearsay and the Court should not admit it into evidence or consider it in any way.

Consistent with the long-standing use of expert testimony recognized by the Federal Circuit and confirmed in *Phillips*, Mr. Weiss provided the Court with background on the technology, an understanding of the technical aspects of the invention, and the meaning of claim terms in the pertinent field.

Mr. Weiss supported his opinion with information that persons of ordinary skill in the art would have known in 1991, apart from the patent, and with examples from Mr. Weiss' own experiences. (*Id.* at 151:11-20; 173:19 – 174:9; 174:10 – 175:9). Mr. Weiss explained that the term "sequence encoder," apart from the patent, would have had meaning to a person of ordinary skill in the art in 1991, because the terms "sequence" and "encoder" had meanings and "it would have been apparent that the encoder in one way or another was applying a function to, to support a sequence in one way or another." (Weiss, Sept. 8, 2005, at 151:21 – 154:4). Additionally, although the meaning of "sequence encoder" apart from the patent could have included any type of potential sequence, persons of ordinary skill in the art in 1991 would have understood that time codes, which were well-known, could be used to create the sequence.[12] (*Id.* at 154:5-15).

[12] In its opposition, defendant Comcast states that "defendants' expert Andrew Lippman will testify that 'sequence encoder' not only could, but *would*, mean something other than 'time encoder' to a person of ordinary skill in the art reading the '702 patent. *See* Lippman Decl. ¶¶ 71-78." (Comcast Opposition, at 4:25-27; emphasis supplied). Dr. Lippman never testified, so we never heard Dr. Lippman state that "sequence encoder" would mean something other than "time encoder" to a person of ordinary skill in the art reading the '702 patent. This testimony is *not* contained in Dr. Lippman's declaration, if admitted. In paragraphs 71-78 of his declaration, Dr. Lippman does *not* state that "sequence encoder" would mean something other than "time encoder;" instead, he merely states that the word "time" has a different meaning than the word "sequence."

Mr. Weiss testified that, as a general matter, the hypothetical person of ordinary skill in the art in 1991 would have understood that encoders are devices that accept an input, apply a code, and produce an output, and testified that, if the input, function, and output of any encoder was specified to a person of ordinary skill in the art, the encoder would have been defined sufficiently so that the person of ordinary skill in the art could construct that encoder.[13] (Weiss, Sept. 8, 2005, at 69:13 – 70: 7).

Mr. Weiss testified that, apart from the patent, persons of ordinary skill in the art in 1991 would have been familiar with creating groups of addressable data blocks, because this was part of the SMPTE standard Recommended Practice 135 (RP 135) (which was first published in 1985) and it was known that databases that were separate from the content could be created to collect the time addresses of each of the frames that were to be grouped together. (Weiss, Sept. 8, 2005, at 163:19 – 165:17). He explained that one of ordinary skill in the art in 1991 would have understood a "sequence of addressable data blocks" to be different from a "group of addressable data blocks." (*Id.*, at 165:18 – 166:9; 226:6-16).

In addition, Mr. Weiss explained the workings of the invention and provided the Court with guidance as to what the hypothetical person of ordinary skill in the art in January 1991,[14] when reading the '702 patent, would have understood what was meant by the term "sequence encoder," even though that term was not used in the patent specification. (Weiss, Sept. 8, 2005, at 63:2-13; 151:5-15; 175:10-15).

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[13] At the end of his testimony, the Court asked Mr. Weiss whether multiple engineers, when given the term "sequence encoder" and the disclosure in the specification, would come up with multiple solutions for the "sequence encoder." (Weiss, Sept. 8, 2005, at 245:20 – 246:5). Mr. Weiss said that:

> [I]t would seem to me that the use of time codes were so well-known at time [sic] that the immediate response that someone would have in designing a system to try and implement this patent would be use of time code. . . . It's not the only solution that I could conceive of, no. But it was the one that was so well-known and implemented at the time that it would be an automatic thing to adopt. So if the question is, is it possible that there could be other solutions that other engineers might have designed, I suppose that's possible. But the nature of video and audio is such that it's inherently time dependent, and so much that the discussion is of video and audio that time coding is the natural thing to, to apply.

(Weiss, Sept. 9, 2005, at 246:6 – 247:6).

[14] Mr. Weiss testified as to his opinion as to the level of skill and experience of the hypothetical person of ordinary skill in the art as of the effective filing date of the '702 patent, January 7, 1991. (Weiss, Sept. 8, 2005, at 42:19 – 44:10).

When considering the term "sequence encoder" within the scope of the '702 patent, Mr. Weiss explained that a function of the sequence encoder is described in dependent claims 7 and 33 of the '702 patent and that this function is the transformation of digital data blocks into a group of addressable data blocks. (Weiss, Sept. 8, 2005, at 147:18-24; 149:11-16). Going further, he described the portions of the patent ('702 patent, 7:50-54; 7:57-59; 8:45-49; and 18:1-19; Figures 2a and 7) which lead him to conclude that a person of ordinary skill in the art in 1991 would have understood the time encoder in the specification to be synonymous with the sequence encoder of the claims.[15] (Weiss, Sept. 8, 2005, at 156:5 – 162:9). In particular, Mr. Weiss compared the structures shown in Figure 2a with the method steps shown in Figure 7 and showed that the time encoder 114 corresponded with the sequencing step.[16] (*Id.* at 157:18 – 161:1).

Mr. Weiss also explained that the inputs, functions, and outputs of the time encoder would have been understood by persons of ordinary skill in the art in 1991 by reading the specification of the '702 patent. (Weiss, Sept. 8, 2005, at 162:17-21).

The input to the time encoder is the data from the converter. (*Id.*, at 162:22 – 163:5).

The functions are (1) the assigning of relative time markers to the video and audio data (*Id.*, at 169:3 – 170:8); (2) the application of the sequence, using time codes to the data blocks to make them addressable (*Id.*, at 163:6-10), and (3) the ability to make groups of addressable data blocks from a sequence of addressable data blocks (*Id.*, at 163:6-12).

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[15] Mr. Weiss also testified that one of ordinary skill in the art in 1991 would have understood, apart from the patent that a time encoder would have been understood and would have been available for purchase under the rubric of time code generators. (Weiss, Sept. 8, 2005, at 173:19 – 174:9). Mr. Weiss also described examples from before 1991 where he himself had used time encoders. (Weiss, Sept. 8, 2005, at 174:10 – 175:9).

[16] Defendants Comcast and EchoStar, relying only on Dr. Lippman's hearsay declaration, contend that, *apart from the patent*, the term "sequence" differs from "time," and therefore one of ordinary skill in the art would not equate the "sequence encoder" with the "time encoder." (Comcast Opposition, at 4:25 – 5:9 and EchoStar Opposition, at 13:23 – 14:6; Lippman Decl., ¶¶ 71-78). The issue is not what the terms "sequence" or "sequence encoder" mean *apart from the patent*; the issue is what one of ordinary skill in the art would understand is meant by the term "sequence encoder" in the context of the claims and the specification. *Phillips*, 413 F.3d at 1313. When the term "sequence encoder" is read in the context of the claims and the specification, it is evident, as discussed above, that the "time encoder" is synonymous with the sequence encoder.

The output is, at least in the embodiment shown in Figure 2a, to the precompression data processing block 115 shown in Figure 2a. (*Id.*, at 163:13-18).

Mr. Weiss summarized his findings from the specification of the '702 patent in a list which he presented during his testimony.[17] (Exhibit 4).

To assist the Court with its understanding of the technical aspects of the invention, Mr. Weiss also discussed what one of ordinary skill in the art in 1991 would have understood was meant by the term "addressable data blocks." Referring to Column 7, lines 59-60 of the specification, he noted that the term "addressable" refers to time encoding, because, through the use of time encoding, one could address the data blocks individually.[18] (Weiss, Sept. 8, 2005, at 166:10-19). Mr. Weiss also stated that there are no addressing schemes, other than time encoding, that are disclosed in the patent specification for addressing data blocks.[19] (*Id.*, at 168:4-7). Mr. Weiss explained that Figures 8a, 8b, and 8c of the patent demonstrate that, for video, a data block is one frame and, for audio, a data block is the number of samples required to cover the time period corresponding to one frame of video.[20] (*Id.*, at 166:20 – 167:19). He further described the use and benefits throughout the transmission system of the time codes assigned by the time encoder. (*Id.*, at 171:4 – 173:5). These uses and benefits include the ability to recreate the sequence, the ability to reestablish the relationship between the audio and video, addressing data and particular portions of items, and improves compression.[21] (*Id.*)

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[17] Thus, the present case is distinguished from the case of *Union Pacific Res. Co. v. Chesapeake Energy Corp.*, 236 F.3d 684 (Fed. Cir. 2001), which is relied on by both defendants Comcast and EchoStar in their opposition briefs. (Comcast Opposition, at 4:5- 5:9; EchoStar Opposition, at 6:4-14). In *Union Pacific*, the court found the term "comparing" in the claims to be indefinite for two reasons, neither of which is present in this case. First, the patent did not indicate that the term "comparing" was a technical or scientific term and thus the term could have been understood by a person of ordinary skill in the art as having its ordinary meaning as defined in a general dictionary. *Union Pacific*, 236 F.3d at 692. That would not be true in this case, because, unlike the term "comparing," the term "sequence encoder" has no ordinary meaning and has no definition in a general dictionary. Further, the claim term "sequence *encoder*" would be understood to a person of ordinary skill in the art to be a device that is part of the claimed transmission system. Second, the court in *Union Pacific* found that the specification suggests that the term "comparing" involves "the determination of TSD by correlation." *Union Pacific*, 236 F.3d at 692. The court, however, had previously found that the patent was not enabling with respect to how "comparing" or "correlating" was achieved. *Id.* at 690-91. Thus, the patent did not define the means to compare, and therefore the term "comparing" was indefinite. *Id.* at 692. In this case, time encoders were well-known to persons of ordinary skill in the art and were available for purchase in 1991. (Weiss, Sept. 8, 2005, at 162:17-21; 162:22 – 163:18; 169:3 – 170:8; 179:23 – 180:10).

[18] Defendant Comcast contends that, even if the "sequence encoder" is construed as a time encoder, the "sequence encoder" would still be indefinite. As Comcast contends, the function of the time encoder is unclear, because the relationship between "time encoding" and "addressing" is unclear. (Comcast Opposition, at 9:27 – 11:12). There is nothing unclear about "time encoding" and "addressing" in the '702 patent. The patent teaches that time encoding is used to address individual data blocks. ('702 patent, 7:59-60; Weiss, Sept. 8, 2005, at 166:10-19). Although the patent states that time encoding is the "preferred" addressing scheme, the patent does not disclose any other addressing scheme for addressing data blocks. (Weiss, Sept. 8, 2005, at 168:4-7). Although there are other non-time code addressing disclosed in the '702 patent, the specification makes clear that those addressing schemes are understandable as addresses that are used to locate items that are stored in the compressed data library. (*Id.* at 168:8 – 169:2).

[19] Defendants contend that the use of the word "preferred" in the specification when referring to "time encoding" as the "preferred" addressing scheme means that other addressing schemes are

Lastly, Mr. Weiss explained that the person of ordinary skill in the art in 1991 could have made and used the sequence encoder of the '702 patent without undue experimentation, because the

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contemplated by the patent. This is not the case. As shown above, Mr. Weiss testified that the only addressing scheme disclosed in the patent for addressing data blocks is time encoding. On cross-examination, Mr. Weiss was asked whether the use of the word "preferred" meant that time encoding is not the only way for addressing data blocks. Mr. Weiss responded by saying that "that would seem to be the meaning of the words, yes." (Weiss Sept. 8, 2005, at 223:17-21). But, Mr. Weiss never said that the patent disclosed any other addressing scheme for addressing data blocks, and, in fact, there is no other addressing scheme disclosed. The use of the word "preferred" therefore does not mean that the invention includes any addressing scheme other than "time encoding." *See, Wang Laboratories, Inc. v. America Online, Inc.*, 197 F.3d 1377, 1383 (Fed. Cir. 1999) ("The usage 'preferred' does not of itself broaden the claims beyond their support in the specification."); *Modine Mfg. Co. v. United States Int'l Trade Commission*, 75 F.3d 1545, 1551 (Fed. Cir. 1996) ("Thus, although Modine stresses the rule that the description of the preferred embodiment in the specification does not limit the claims to that embodiment, when the preferred embodiment is described in the specification as the invention itself, the claims are not necessarily entitled to a scope broader than that embodiment").

[20] Defendant Comcast, relying on Dr. Lippman's hearsay declaration, contends that a single frame of video can be ordered into a sequence of blocks, but these blocks, which are contained in a single frame could not, by definition, be ordered by time. (Comcast Opposition, at 5:2-6; Lippman decl., ¶ 75). Dr. Lippman's hearsay testimony relates to the meaning of the words "sequence" and "time" apart from the patent. Further, Dr. Lippman's hearsay testimony is at odds with the specification, which teaches that data blocks are *frames* of video, not portions of frames of video, and therefore the Court should not consider Dr. Lippman's hearsay testimony. *Phillips*, 415 F.3d at 1318 ("a court should discount any expert testimony that is clearly at odds with the claim construction mandated by . . . the written record.")

[21] Defendant EchoStar, also relying on Dr. Lippman's hearsay declaration, contends that Acacia's construction for "sequence encoder" would be inconsistent with the specification, because the specification states that the source material library can include physical objects such as books, musical instruments, and still pictures and "it is not clear how a *time* encoder would 'sequence' a book." (EchoStar Opposition, at 13:9-13; Lippman Decl., ¶ 77). The patent is perfectly clear – all data blocks (whether pages of a book or frames of video) are assigned relative time markers by the time encoder. ('702 patent, 8:6-9). The data blocks which represent the pages of a book, for example, would still be in a sequence of addressable data blocks, because each data block would be time encoded. (Weiss, Sept. 8, 2005, at ____).

sequence encoder is synonymous with the time encoder and time encoders in 1991 could have been purchased. (Weiss, Sept. 8, 2005, at 179:23 – 180:10).

Thus, Mr. Weiss' expert testimony is consistent with and is well-supported by the intrinsic patent evidence, including the patent claims and the specification. Based on Mr. Weiss' discussion at the hearing regarding the knowledge of persons of ordinary skill in the art in 1991 apart from the patent and his guidance as to the meaning of "sequence encoder" to persons of skill in the art when reading the '702 patent, it is evident that a person of ordinary skill in the art in 1991 would have understood the claim term "sequence encoder" to be synonymous with the time encoder described in the specification. Thus, because the task for the Court is to accord the claim term "sequence encoder" the meaning that it would have had to a person of ordinary skill in the art at the time of the invention and because the meaning that the person of ordinary skill in the art would have understood the claim term "sequence encoder" to have had in 1991 was the time encoder, the Court should construe the term "sequence encoder" to mean a "time encoder."[22]

2. Construing the "Sequence Encoder" as a "Time Encoder" Would Not Violate the Doctrine of Claim Differentiation

Defendants contend that, to construe the "sequence encoder" of claim 1 as a "time encoder" would violate the doctrine of claim differentiation. (*See* Comcast Opposition, at 5:12 – 8:2; EchoStar Opposition, at 9:11 – 12:19). Specifically, defendants contend that the "sequence encoder" of claim 7, which requires that the "sequence encoder" "transform digital data blocks into a group of addressable data blocks," would be redundant of the "sequence encoder" of claim 1, which Acacia construes as a "time encoder." Defendants' contentions are incorrect, because defendants presume that the *only* possible function of the time encoder is to transform digital data blocks into a group of addressable data blocks. This is not the case, as demonstrated by the patent specification and by the expert testimony of Mr. Weiss. There are other functions performed by the time encoder other than transforming digital data blocks into a group of addressable data blocks, such as placing data into a sequence of addressable data blocks and assigning relative time markers to the data as it passes through the time encoder. The time encoder can perform these functions without transforming digital data blocks into a group of addressable data blocks.

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[22] Defendant EchoStar contends that the differences expressed by Acacia's two experts, Mr. Weiss and Dr. Alexander, in their declarations demonstrate the imprecise nature of the methodologies used by the experts. (EchoStar's Opposition, 13:14-20). The differences between the declarations are due to the fact that Acacia's counsel did not write either declaration – each expert wrote their own declaration – and are due to the fact that each expert has their own knowledge and experiences. The fact that the opinions of Mr. Weiss and Dr. Alexander are not verbatim identical does not mean that the term "sequence encoder" is indefinite or that their methodology was imprecise. *See*, *Verve*, 311 F.3d at 1120 ("It may of course occur that persons experienced in a technologic field will have divergent opinions as to the meaning of a term, particularly as narrow distinctions are drawn by the parties or warranted by the technology. Patent disputes often raise close questions of requiring refinement of technical definitions in light of particular facts. The judge will then be obliged to decide between contending positions; a role familiar to judges. But the fact that parties disagree about claim scope does not of itself render the claim invalid.")

The doctrine of claim differentiation "creates a presumption that each claim in a patent has a different scope." *Free Motion Fitness, Inc. v. Cybex International, Inc.*, __ F.3d __ , 2005 U.S. App. LEXIS 19886, at *19 (Fed. Cir. September 16, 2005), *quoting*, *Comark Communications, Inc. v. Harris Corp.*, 156 F.3d 1182, 1187 (Fed. Cir. 1998) (a copy of the *Free Motion Fitness* opinion is attached as Exhibit 2). It is a presumption, and not a hard and fast rule. "The difference in meaning and scope between claims is presumed to be significant 'to the extent that the absence of such difference in meaning and scope would make a claim superfluous.'" *Free Motion Fitness,* __ F.3d __ , 2005 U.S. App. LEXIS 19886, at *19, *quoting*, *Tandon Corp. v. U.S. International Trade Commission*, 831 F.2d 1017, 1023 (Fed. Cir. 1987). In *Free Motion Fitness*, the independent claim recited "a linking cable," and the dependant claims stated that the "cable consists essentially of a single cable." *Free Motion Fitness,* __ F.3d at __ , 2005 U.S. App. LEXIS 19886, at *18. The court held that the "dependent claims limiting the claim to a single cable confirm that the independent claims may encompass more than one cable." *Id.*, at *19.

The same was true in *Ecolab, Inc. v. Paraclipse, Inc.*, 285 F.3d 1362, 1375-76 (Fed. Cir. 2002). In *Ecolab*, the accused infringer contended that claim 16 (an independent claim) *required* reflected ultraviolet light. *Ecolab*, 285 F.3d at 1375. The court, however, held that claim 16 did *not require* ultraviolet light, because, pursuant to the doctrine of claim differentiation, dependent claim 17 added the *limitation* (i.e., requirement) that the light is ultraviolet light. *Id.* Thus, according to the doctrine of claim differentiation, claims 16 and 17 were not redundant, because claim 17 *required* ultraviolet light, whereas claim 16 did *not require* ultraviolet light. *Id.*, at 1376 ("[b]ecause the only meaningful difference between claims 16 and 17 is the *limitation* of ultraviolet light, under the doctrine of claim differentiation, claim 16 does *not require* ultraviolet light.") (emphasis added).[23], [24] Thus, the independent claim did *not require* the limitation of the dependent claim and therefore the independent claim was broader than the dependent claim. In other words, because claim 17 added the *limitation* that the light is ultraviolet light, then, to be broader than (and not redundant of) claim 17, claim 16 would *not* have the limitation (i.e., requirement) that the light is ultraviolet light. That does not mean that claim 16 is precluded from covering devices using ultraviolet light; it just means that claim 16 is not *required* to only cover devices having ultraviolet light.

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[23] *See also, Phillips,* 415 F.3d at 1324 ("The inclusion of such a specific *limitation* on the term 'baffles' in claim 2 makes it likely that the patentee did not contemplate that the term 'baffles' already contained that *limitation*."); *Liebel-Flarsheim Co. v. Mallinckrodt, Inc.*, 358 F.3d 898, 910 (Fed. Cir. 2004) ("As this court has frequently stated, the presence of a dependent claim that adds a particular limitation raises a presumption that the limitation in question is not found in the independent claim . . . The doctrine [of claim differentiation] thus substantially undermines Medrad's contention that all of the claims of the '669 and '261 patents *require* the presence of a pressure jacket, even though the express requirement of a pressure jacket is found only in certain claims and not in any of the claims asserted in this case."); *Sunrace Roots Enterprise Co., Ltd. v. SRAM Corp.*, 336 F.3d 1298, 1303 (Fed. Cir. 2003) ("This is therefore a strong case for inferring that the limitation added by the dependant claim should not be read into the independent claim. If the 'shift actuator' of claim 16 were *required* to include a cam means, claim 24 would be rendered entirely redundant.").

[24] Defendant EchoStar attempts to provide an example of claim differentiation to explain its position. EchoStar states: "For example, if independent Claim Element 1 has functions A, B, and C, a dependent claim typically adds a further limitation, such as function D. It is improper (and makes no sense) to have a dependent claim 'narrow' the claim by stating (again) that Claim Element 1 has function A, because that function is already recited in the independent claim." (Echostar Opposition, 10:3-7). EchoStar's example could be interpreted two ways. The first interpretation, which is not present in this case (but which EchoStar appears to be presenting), is that the independent claim specifically states that element 1 has function A. Then, of course, it would not make sense to have a dependent claim which also says that element 1 has function A. The other interpretation of EchoStar's example, which is present in this case, is that the independent claim recites element 1, without identifying any of the functions of element 1. The specification states that element 1 can have functions A, B, and/or C. It would be proper then for a dependent claim to state that element 1 has function A. The dependent claim would make clear that function A is a requirement of element 1 in the dependent and makes clear that function A is not a requirement of element 1 in the independent claim. *See, Free Motion Fitness*, __ F.3d at __ , 2005 U.S. App. LEXIS 19886, at *18 and *Ecolab*, 285 F.3d at 1375. In this case, element 1 would be the "sequence encoder." Function A would be "transforming digital data blocks into a group of addressable data blocks." Function B would be placing data into a sequence of addressable data blocks. Function C would be assigning relative time markers to data as it passes through the time encoder. The independent claim would be claim 1 of the '702 patent and the dependent claim would be claim 7.

Acacia's construction does *not* violate the doctrine of claim differentiation. Independent claims 1 and 17 and dependent claim 32 state that the transmission system includes a "sequence encoder." Dependant claims 7 and 33 add the limitation to claims 1 and 32, respectively, that the sequence encoder "transforms digital data blocks into a group of addressable data blocks." According to the doctrine of claim differentiation, claims 1 and 7 and claims 32 and 33 cannot have the same scope; claim 1 must be broader than claim 7 and claim 32 must be broader than claim 33. They are. Claims 7 and 33 *require* that the sequence encoder transform digital data blocks into a group of addressable data blocks. Claims 1 and 32 (and claim 17) do *not require* that the "sequence encoder" transform digital data blocks into a group of addressable data blocks and thus claims 1, 17, and 32 are broader than claims 7 and 33.

As disclosed in the patent specification, the "sequence encoder" of claims 1, 17, and 32 would perform more functions than just transforming digital data blocks into a group of addressable data blocks. The specification teaches that the time encoder performs multiple functions, including assigning relative time markers to data, creating a sequence of addressable data blocks, and creating a group of addressable data blocks. ('702 patent, 7:50-54; 7:57-59; 8:45-49; and 18:1-19; Figures 2a and 7; Weiss, Sept. 8, 2005, at 163:6-12; 169:3 – 170:8). Thus, the "sequence encoder" of claim 1 could perform any of these additional functions[25], but it would not be *required* to only transform digital data blocks into a group of digital data blocks; that function is a *requirement* of dependent claims 7 and 33.[26] *See, Free Motion Fitness*, __ F.3d at __ , 2005 U.S. App. LEXIS 19886, at *18 and *Ecolab*, 285 F.3d at 1375. Claims 1 and 7 and claims 32 and 33 would therefore not be redundant.[27]

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[25] Comcast's contention that merely saying that claim 1 is broader than claim 7 does not indicate the boundaries of claim 1 is incorrect. (Comcast Opposition, at 6:3-19). The "sequence encoder" of claim 1 is a time encoder; its boundaries are clear from the specification of the patent, as identified by Mr. Weiss and discussed herein.

[26] Defendant EchoStar's statement that "the inclusion of the 'transforms digital data blocks into a group of addressable data blocks' language in Claim 7 demonstrates that the patentee did *not* contemplate that the term 'sequence encoder' already contained this *limitation*" is correct, because claim 1 is not *limited* to only sequence encoders that transform digital data blocks into a group of addressable data blocks, and is consistent with the doctrine of claim differentiation. (EchoStar's Opposition, at 10:17-19; emphasis added). Similarly, EchoStar's statement that this case is similar to *Sunrace*, 336 F.3d at 1302-03 is also correct. (EchoStar's Opposition, at 11:4-10). EchoStar contends that the court in *Sunrace* "refused to read the limitation from the dependent claim into the independent claim." (EchoStar's Opposition, at 11:8-9). That is exactly Acacia's construction – the limitation of claim 7 (transforming digital data blocks into a group of addressable data blocks) is not a *limitation* of the "sequence encoder" of claim 1.

Defendants attempt to avoid the fact that the specification describes additional functions for the time encoder, in addition to the function of "transforming digital data blocks into a group of addressable data blocks." Defendant EchoStar purports to quote from Acacia's description of the other functions of the sequence encoder in Acacia's brief, however, EchoStar *misquotes* Acacia and attempts to use its misquote to eliminate one of the functions of the time encoder (placing data into a sequence of addressable data blocks). At 18:2-5 of its brief, Acacia states:

> These [functions] include, among others, receipt of audio and video data from the converter, '702 patent at 8;6-9; the assignment of relative time markers by the time encoder to the audio and video data as it passes from the converter through the time encoder, *Id.*; and delivery *of a sequence* of addressable data blocks *as its output* to the precompression processor, '702 patent, Col. 8:46-48. (emphasis added)

In their Opposition, EchoStar replaces the words "of a sequence" in the third listed function ("delivery *of a sequence* of addressable data blocks") with an ellipse: "(3) delivery of . . . addressable data blocks . . . to the pre-compression processor" and then (incorrectly) contends that none of the functions cited by Acacia have anything to do with sequencing: "Moreover, 'functions' (1) and (3) have nothing to do with either sequencing or encoding; these 'functions' are shared by *all of the blocks* in the block diagrams of the specification: virtually all of them receive data from the preceding block and transmit data to the following block." (EchoStar's Opposition, at 11:16-22).

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[27] Comcast's and EchoStar's contention that Acacia's construction of the "sequence encoder" of claim 1 as a time encoder is redundant of Acacia's construction of the "sequence encoder" of claim 7 as "a time encoder that transforms digital data blocks into a group of addressable data blocks" is therefore incorrect. (Comcast Opposition, at 6:20 – 7:12; EchoStar Opposition, at 9:17-23). Both improperly attempt to limit the functions of the time encoder described in the specification to only placing blocks of information into a group of addressable data blocks. The specification describes additional functions for the time encoder, in addition to placing data blocks into a group of addressable data blocks, including placing data blocks into a *sequence* of addressable data blocks and assigning relative time markers to the data blocks. EchoStar further contends that, even if the "sequence encoder" included these other functions, claim 7 would still be redundant, because "Claim 7 would do nothing more than specify a *limitation* already present, among others, in the term 'sequence encoder.'" (EchoStar Opposition, at 12:5-6; emphasis added). EchoStar improperly assumes that the function of "transforming digital data blocks into a group of addressable data blocks" is a *limitation* of the "sequence encoder" in claim 1. This is *not* a *limitation* of the "sequence encoder" in claim 1; it is a possible (but not the only) *function* of the "sequence encoder" in claim 1.

EchoStar's misquote would leave the misimpression that the time encoder only delivered addressable data blocks, not a *sequence* of addressable data blocks. Defendants have therefore not rebutted the fact that the specification states that providing a "sequence of addressable data blocks" is an additional function of the time encoder.

3. Mr. Weiss' Expert Testimony, Which Depends Heavily on his Knowledge and Experience, is Reliable and is Therefore Admissible

Defendants objected to the admission of Mr. Weiss' testimony, arguing that he had not followed a "scientific method" in determining how a person of ordinary skill in the art in 1991 would have understood the meaning of the claim terms "sequence encoder" and "identification encoder." Specifically, defendants objected to the manner in which Mr. Weiss examined the patent specification to determine how a person of ordinary skill in the art would understand was meant by the terms "sequence encoder" and "identification encoder." This, however, was not the only basis for Mr. Weiss' opinion; Mr. Weiss also relied on his knowledge and experience obtained during his distinguished 38-year career in broadcast engineering.

Defendants seek an evidentiary ruling under Federal Rules of Evidence, Rule 702 that Mr. Weiss' testimony is not reliable, because Mr. Weiss did not apply an accepted scientific method when he read the specification of the patent to determine the meaning of "identification encoder" and "sequence encoder." Because this is a procedural issue that is not unique to patent law, the Federal Circuit will apply the law of the regional circuit, in this case, the Ninth Circuit. *See, Oedetics, Inc. v. Storage Tech. Corp.*, 185 F.3d 1259, 1276 (Fed. Cir. 1999).

Rule 702 allows admission of "scientific, technical, or other specialized knowledge" by a qualified expert if it will "assist the trier of fact to understand the evidence or to determine a fact in issue."[28] *See, Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579 (1993); *Kumho Tire Co.*

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[28] The Court applies a gatekeeping role to all forms of expert testimony, not just scientific testimony. *White v. Ford Motor Co.*, 312 F.3d 998, 1007 (9th Cir. 2002). Courts are entitled to broad discretion when discharging their gatekeeping function. *United States v. Hankey*, 203 F.3d 1160, 1168 (9th Cir. 2000). A "trial court not only has broad latitude in determining whether an expert's testimony is reliable, but also in deciding how to determine the testimony's reliability." *Mukhtar v. Cal. State Univ., Hayward*, 299 F.3d 1053, 1064 (9th Cir. 2002), *citing*, *Hankey*, 203 F.3d at 1167. However, the district court is required to make some kind of reliability determination to fulfill its gatekeeping function. *Hangarter v. Provident Life and Accident Ins. Co.*, 373 F.3d 998, 1018 (9th Cir. 2004), *quoting*, *Mukhtar*, 299 F.3d at 1066.

v. Carmichael, 526 U.S. 137, 143 (1999). Expert testimony must rest on a reliable foundation. *Kumho*, 526 U.S. at 147. Although Rule 702 does not require absolute certainty, it does mandate that the proffered knowledge be based on "good grounds" and that the testimony constitutes "more than belief or unsupported speculation." *Daubert*, 509 U.S. at 590. When considering the admissibility of expert testimony, the court acts as a "gatekeeper."[29]

The Ninth Circuit has held that the "*Daubert* factors (peer review, publication, potential error rate, etc.) simply are not applicable" to the kind of testimony "whose reliability depends heavily on the knowledge and experience of the expert, rather than the methodology or theory behind it." *Hangarter v. Provident Life and Accident Ins. Co.*, 373 F.3d 998, 1017 (9th Cir. 2004), *quoting*, *Hankey*, 203 F.3d at 1169 and *Kumho Tire*, 526 U.S. at 150 ("Engineering testimony rests upon scientific foundations, the reliability of which will be at issue in some cases. . . . In other cases, the relevant reliability concerns may focus upon personal knowledge or experience.") In these cases, where the expert testimony depends heavily on the expert's knowledge and experience, the district court can satisfy its gatekeeping obligation by probing the extent of the expert's knowledge and experience. *Hangarter*, 373 F.3d at 1018 ("Even though the district court did not hold a formal Daubert hearing, the court's probing of Caliri's knowledge and experience was sufficient to satisfy its gatekeeping role under Daubert."), *citing*, *Mukhtar*, 299 F.3d at 1064; *Hankey*, 203 F.3d at 1169.

Here, Mr. Weiss presented his opinion as to the understandings of persons of ordinary skill in the art in 1991, which was based on Mr. Weiss' knowledge and experience in the field for over 38

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[29] When analyzing the reliability of an expert's testimony, the court may consider the following non-exclusive factors: (1) whether the expert's technique can be or has been tested; (2) whether the method has been subjected to peer review and publication; (3) the known or potential rate of error of a technique or theory when applied; (4) the existence and maintenance of standards and controls; and (5) the degree to which the technique or theory has been generally accepted in the scientific community. *Daubert*, 509 U.S. at 593-94. "The factors identified in *Daubert* may or may not be pertinent in assessing reliability, depending on the nature of the issue, the expert's particular expertise, and the subject of the testimony." *Kumho*, 526 U.S. at 151.

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years.[30] Defendants were able to cross-examine Mr. Weiss on his knowledge and experience and the Court also asked Mr. Weiss questions. The Court has therefore satisfied its gatekeeping obligation.[31]

One district court that has faced the issue of the reliability of an expert opinion regarding the meaning of claim terms to persons of ordinary skill in the art has held that the methodology used by the expert – applying specialized knowledge and experience to the language of the patent – is a reliable method:

> The court considers this methodology--that of applying specialized knowledge and experience to the language and prosecution history of a specific patent in order to determine the meaning of its terms--to be reliable for determining how one with ordinary skill in the art would interpret the claim language of the '207 patent.

Aspex Eyewear, Inc. v. E'Lite Optik, Inc., 2002 U.S. Dist LEXIS 14834, *94-95 (N.D. TEX. 2002).

To the extent that defendants' arguments relate to the *factual* basis of Mr. Weiss' opinion, those arguments relate to the credibility of the testimony, not to its admissibility. *See Hangarter*, 373 F.3d at 1017, n 14, *quoting, Children's Broad. Corp. v. Walt Disney Co.*, 357 F.3d 860, 865 (8th Cir. 2004) ("The factual basis of an expert opinion goes to the credibility of the testimony, not the admissibility, and it is up to the opposing party to examine the factual basis for the opinion in cross-examination.")

III. CONCLUSION

For the reasons discussed above, the Court should reconsider its constructions of "sequence encoder" and construe it as the "time encoder."

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[30] Defendants own expert witness, Dr. Lippman, himself based his opinions regarding the understanding of a person of ordinary skill in the art as to the meaning of the term "transceiver" on his "experience and knowledge." (*See* Lippman Transceiver Decl., ¶ 19).

[31] By contrast, defendants did not present Dr. Lippman as a live witness, but instead, seek to rely on his out-of-court declarations. The Court has not performed its gatekeeping function with respect to Dr. Lippman's declaration testimony.

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